

McCARTER & ENGLISH, LLP  
David J. Adler  
Four Gateway Center  
100 Mulberry Street  
Newark, New Jersey 07102  
Telephone: (973) 622-4444  
[dadler@mccarter.com](mailto:dadler@mccarter.com)  
*Proposed Efficiency Counsel to  
Official Committee of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:	Case No. 22-19361 (MBK)
BLOCKFI INC., et al. <sup>1</sup>	Judge Michael B. Kaplan
	Chapter 11
Debtors.	Jointly Administered

**SUPPLEMENTAL DECLARATION OF DAVID J. ADLER IN SUPPORT  
OF APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT  
AND RETENTION OF McCARTER & ENGLISH, LLP AS EFFICIENCY COUNSEL  
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
OF BLOCKFI INC., ET AL., NUNC PRO TUNC TO DECEMBER 29, 2022**

I, David J. Adler, declare under the penalty of perjury:

1. I am an attorney admitted to practice in the State of New York and am a partner of the law firm of McCarter & English, LLP (“**McCarter & English**”), resident in the New York office at One Worldwide Plaza, 825 8th Avenue, New York, New York, 10019.

2. I submit this supplemental declaration (the “**Supplemental Declaration**”) in support of the *Application For Order Authorizing The Employment And Retention Of McCarter & English, LLP As Efficiency Counsel For The Official Committee Of Unsecured Creditors Of BlockFi Inc., Et Al., Nunc Pro Tunc To December 29, 2022* (the “**Application**”)<sup>2</sup> [ECF Doc. #491].

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors’ service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

3. My original declaration in support of the Application (the “**Original Declaration**”) was attached to the Application as Exhibit B. I submit this Supplemental Declaration to provide additional disclosures in response to requests made by the Office of the United States Trustee. Except as otherwise indicated in this Supplemental Declaration, all facts stated in the Supplemental Declaration are based on personal knowledge, information learned from my review of relevant documents, and information supplied to me by McCarter & English’s partners or employees. If called upon to testify, I could and would testify on that basis.

### **ROLE OF EFFICIENCY COUNSEL**

4. The Office of the United States Trustee requested that McCarter & English further describe the services that it will provide as efficiency counsel to the Committee. McCarter & English is a full service law firm with particular expertise in bankruptcy and e-discovery. Our rate structure is significantly lower than Brown Rudnick. Accordingly, the Committee has directed us to assist on discrete projects which leverage our prior crypto case experience and lower billing rates.

5. For instance, McCarter & English is assisting Brown Rudnick with conducting the investigation it is performing on behalf of the Committee. Specifically, McCarter & English is conducting the review of documents produced by the Debtor in response to due diligence requests prepared by Brown Rudnick. We have utilized approximately eight associates and one special counsel in this project whose hourly rates are between \$430 to \$595 per hour. I understand these rates to be significantly lower than the rates of Brown Rudnick attorneys with comparable levels of seniority.

6. Additionally, McCarter & English has been asked to investigate certain legal issues concerning the prepetition loans originated by Blockfi. I understand that the Committee selected McCarter & English for this particular project because of McCarter & English’s prior experience in

crypto bankruptcies. Further the hourly rate of the partners involved in that project range from \$775 to \$900 per hour –these rates are significantly lower than the rates of Brown Rudnick attorneys with comparable levels of seniority.

7. In addition, as efficiency counsel, we expect that the Committee may delegate other assignments to McCarter & English on an as needed basis depending on the economics of the assignment.

### **ADDITIONAL DISCLOSURES**

8. The Office of the United States Trustee has requested that McCarter & English provide additional disclosures with respect to certain clients identified on Schedule 2. Specifically, the Office of the United States Trustee has identified “Vogel, BCB Bancorp, Signature Bank, Silicon Valley Bank, Celsius Network Ltd., Ankura Trust Company, AXA XL Specialty Insurance Group, Gibbons, Hogan Lovells US LLP, McElroy Deutsch Mulvaney & Carpenter, King & Spalding, Mintz Levin, two undisclosed potential M&A transaction counterparties; one undisclosed significant client, AON, Canon, Magna Carta, Great West, Iron Mountain, an undisclosed US Trustee Personnel, and Crown Castle” (collectively, the “**Clients**”) and requested confirmation that the engagements for those Client are unrelated to BlockFi. I have reviewed the matters in which McCarter has been retained by the Clients. The engagements for the Clients are all unrelated to BlockFi. Thus, McCarter & English has no potential or actual conflict of interest as between our representation of Clients and the Creditors’ Committee.

9. Second, the United States Trustee noted that McCarter is currently representing the ad hoc Group of Borrowers in the Celsius bankruptcy and requested that “McCarter confirm that Celsius and BlockFi do not hold claims against each other and that the ad hoc group is not adverse to the Committee in this case.” In response to the request, I have reviewed the schedules that were filed in both Celsius and BlockFi. No Celsius debtor has scheduled a BlockFi debtor as a creditor

in its bankruptcy case or *vice versa*. I have also reviewed the Celsius claims' register at Stretto.com and no BlockFi Debtor filed a claim prior to the Celsius bar date of February 9, 2023.

10. With respect to our representation of the Ad Hoc Group of Borrowers in Celsius, that engagement involves the rights of the borrowers against Celsius pursuant to certain agreements that were entered into between the borrowers and Celsius prior to Celsius filing for Chapter 11. As such, that engagement is unrelated to BlockFi. Thus, McCarter & English has no potential or actual conflict of interest as between our representation of the Ad Hoc Group of Borrowers and the Committee.

11. Attached hereto as Exhibit A is a proposed staffing plan and the current hourly rates of attorneys and other McCarter & English personnel who are likely to work on these Cases on behalf of the Committee. McCarter & English may periodically amend or revise the staffing plan based on the needs of the Committee and other factors. McCarter & English may amend the hourly rates set forth in the staffing plan consistent with the terms of the Application.

12. Attached hereto as Exhibit B is the *Declaration Of Elisabeth Carabas And Brendon Ishikawa As The Co-Chairs Of The Official Committee Of Unsecured Creditors In Support Of Application For Order Authorizing The Employment And Retention Of McCarter & English, LLP As Efficiency Counsel For The Official Committee Of Unsecured Creditors Of BlockFi Inc., et al.*

13. The Committee has approved McCarter & English's staffing plan and budget through March 2023.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: March 7, 2023

/s/ David J. Adler

David J. Adler

**Exhibit A**  
**(Staffing Plan)**

<u>Attorney or Staff Name</u>	<u>Staff Level</u>	<u>Current USD Rate</u>
Adler, David	Partner	\$900.00
Bonsall, Lisa	Partner	\$835.00
Finkler, Michael	Information Technology	\$165.00
Hall, Gregory	Associate	\$465.00
Humiston, Shannon	Associate	\$530.00
Keating, Kathleen	Associate	\$550.00
Macarone, Jessica	Special Counsel	\$595.00
Pavlick, Philip	Associate	\$530.00
Pisko, Stephanie	Associate	\$530.00
Restivo, Linda	Paralegal	\$310.00
Scholz, Joseph	Partner	\$725.00
Stoelker, John	Associate	\$550.00
Salter, Timothy	Associate	\$475.00
Testa, Jeffrey	Partner	\$775.00
Weingart, Scott	Associate	\$565.00

**Exhibit B**  
**(Committee Co-Chair Declaration)**

McCARTER & ENGLISH, LLP

David J. Adler

Four Gateway Center

100 Mulberry Street

Newark, New Jersey 07102

Telephone: (973) 622-4444

[dadler@mccarter.com](mailto:dadler@mccarter.com)

*Proposed Efficiency Counsel to*

*Official Committee of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:	Case No. 22-19361 (MBK)
BLOCKFI INC., et al. <sup>2</sup>	Judge Michael B. Kaplan
	Chapter 11
Debtors.	Jointly Administered

**DECLARATION OF ELISABETH CARABAS AND BRENDON ISHIKAWA  
AS THE CO-CHAIRS OF THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS IN SUPPORT OF APPLICATION FOR ORDER  
AUTHORIZING THE EMPLOYMENT AND RETENTION OF  
McCARTER & ENGLISH, LLP AS EFFICIENCY COUNSEL FOR THE  
OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF BLOCKFI INC., ET AL.**

We, Elisabeth Carabas and Brendon Ishikawa, declare under the penalty of perjury:

1. We serve as the Co-Chairs of the Official Committee of Unsecured Creditors (the “Committee”) of BlockFi Inc. and its affiliated debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “Debtors”).

2. We submit this declaration (the “Co-Chair Declaration”) in support of the (i) *Application For Order Authorizing The Employment And Retention Of McCarter & English, LLP As Efficiency Counsel For The Official Committee Of Unsecured Creditors Of BlockFi Inc.,*

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<sup>2</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors’ service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.



*et al., Nunc Pro Tunc To December 29, 2022* [Docket No. []], and pursuant to section D.2 of the U.S. Trustee *Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330 by Attorneys in Larger Chapter 11 Cases*.

3. Except as otherwise indicated herein, the facts set forth in this Co-Chair Declaration are based upon our respective personal knowledge, our review of relevant documents, or information provided to us by McCarter & English. We are authorized to submit this Co-Chair Declaration on the Committee's behalf. If called upon to testify, we would testify competently to the facts set forth herein.

4. On December 21, 2022, the U.S. Trustee formed the Committee in these cases. *See* Docket Nos. 130 and 131.<sup>3</sup>

5. On December 29, 2022, the Committee selected Brown Rudnick as its counsel. Brown Rudnick strongly recommended that the Committee retain McCarter & English as efficiency counsel. In recommending McCarter & English, Brown Rudnick expressed that McCarter had significant experience appearing before this Court on large committee matters and an in-depth knowledge of the local practice and procedure. The Committee relied on Brown Rudnick's recommendation and retained McCarter & English as efficiency counsel on that basis.

6. We have communicated with McCarter & English regarding their proposed rates and terms of engagement for the Committee. McCarter & English has informed the Committee that its rates for bankruptcy representations are comparable to the rates that they charge for non-bankruptcy representations.

8. The Committee recognizes that it is its responsibility to closely monitor the billing practices of its counsel to ensure the fees and expenses paid by the estates remain

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<sup>3</sup>An Amended Notice of Appointment of Official Committee of Unsecured Creditors was filed on December 22, 2022, to reflect certain non-substantive additions.

consistent with the Committee's expectations and the exigencies of these cases. To achieve this goal, the Committee is taking specific steps, including closely monitoring professionals' attendance on committee calls and meetings. The Committee is also directing its professionals to engage in activities that are reasonably calculated to either preserve or expand the value of the Debtors' estates.

9. The Committee will review all applications for compensation submitted by McCarter & English to ensure that the fees and costs incurred by the Committee's professionals are consistent with budget, appropriate in scope and amount, and that there has been no duplication with the Committee's other professionals.

10. The Committee will ensure discipline, predictability and accountability to the counsel fees and expenses reimbursement process.

Pursuant to 28 U.S.C. § 1746, we declare under penalty of perjury that the foregoing is true and correct to the best of our knowledge and belief.

Dated: March 5, 2023  
New York, New York

Respectfully submitted,

**THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS**

/s/ Elisabeth Carabas

Elisabeth Carabas, solely in her capacity as Co-Chair of the Official Committee of Unsecured Creditors of BlockFi Inc., *et al.*

/s/ Brendon Ishikawa

Brendon Ishikawa solely in his capacity as Co-Chair of the Official Committee of Unsecured Creditors of BlockFi Inc., *et al.*